

Message Text

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ACTION ARA-10

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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 8953

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LIMDIS

E.O. 11652: N/A

TAGS: EAID, PFOR

SUBJECT: RICE MODERNIZATION PROGRAM: AID LOAN NO. 008

FROM THE AMBASSADOR

REF: GEORGETOWN 1515

1. WHILE I DO NOT WISH TO REHASH SORRY HISTORY OF RICE MODERNIZATION PROGRAM, WHICH WE HAVE SUPPORTED THROUGH AID LOAN NO. 008, I DO FEEL IT NECESSARY AT THIS POINT TO REMIND DEPT OF ROLE USG HAS PLAYED, OF DISMAL PERFORMANCE OF US CONTRACTORS, OF DAMAGE THIS HAS DONE TO US IMAGE, AND IF POTENTIAL EFFECTS OF SITUATION ON US-GUYANESE RELATIONS, GUYANESE FOREIGN POLICY AND GUYANESE INTERNAL POLITICS. I MAKE SPECIAL PLEA FOR UNDERSTANDING, IMAGINATION AND FLEXIBILITY IN ASSISTING GOG IN ITS EFFORTS COMPLETE PROJECT WITH LEAST POSSIBLE PREJUDICE TO ALL CONCERNED, EITHER AS OUTLINED IN REFTEL OR BY SUGGESTING FEASIBLE AND REALISTIC ALTERNATIVES. NARROW INTERPRETATIONS AND NEGATIVE REFERENCES TO REGULATIONS AND MANUAL ORDERS WILL HARDLY BE HELPFUL. PERHAPS NOT LEGALLY, BUT CERTAINLY MORALLY AND, I WOULD SAY, ETHICALLY, WE OWE GOG SOMETHING MORE.

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2. BIDS FOR AID-FINANCED CONSTRUCTION OF RICE DRYING AND STORAGE FACILITIES AT SIX SITES WERE OPENED JUST FOUR YEARS AGO. WITH WHAT NOW APPEARS OMINOUS PRESCIENCE, GUYANESE CONCLUDED THAT THE LOW BID WAS UNREALISTIC AND THAT THE BIDDER WOULD NOT BE ABLE TO PERFORM. WE, THE USG, INSISTED THAT OUR REGULATIONS REQUIRED THAT THE LOW BIDDER BE GIVEN THE CONTRACT. IN RETROSPECT, QUESTION ARISES WHETHER COMPANY SHOULD HAVE BEEN PREQUALIFIED AT ALL. CERTAINLY, IT HAS BEEN A DISMAL FAILURE.

3. THE HISTORY OF THE SUPERVISING ENGINEER HAS BEEN ALMOST AS DISMAL. THE FIRST, APPROVED BY USG, PROVED NOT TO HAVE THE FINANCIAL RESOURCES NEEDED TO DO THE JOB AND FINALLY WITHDREW. THE SECOND, AN INTERIM ARRANGEMENT THE GUYANESE VERY MUCH WANTED TO CONTINUE, WAS UNSATISFACTORY TO WASHINGTON. THE THIRD EVENTUALLY SOLD OUT ITS ENGINEERING COMPONENT; WHAT WAS LEFT OF THE COMPANY REMAINED ON AS THE FOURTH TO TRY TO FINISH THE JOB. IT NOW SEEMS TO BE VANISHING AS THOSE EMPLOYEES FAMILIAR WITH THE PROJECT HAVE EITHER LEFT OR WILL LEAVE SHORTLY.

4. THE INDECISIVENESS, BICKERING AND ANIMOSITIES BETWEEN THE US FIRMS INVOLVED IN THE PROJECT AND THEIR INABILITY TO CONSTRUCT THE FACILITIES IN ACCORDANCE WITH SPECIFICATIONS AND SCHEDULES HAVE SCARCELY ENHANCED THE REPUTATION HERE OF AMERICAN BUSINESS AND KNOW-HOW. CERTAINLY, AND MOST IMPORTANTLY, THEIR FAILURES HAVE DEALT A SERIOUS BLOW TO THE GUYANESE ECONOMY. IT IS QUITE UNDERSTANDABLE THAT GUYANESE HAVE COME TO VIEW ASSISTANCE FROM THE US WITH SUSPICION AND DOUBTS, GIVING ADDED IMPETUS TO THE TENDENCY TO LOOK ELSEWHERE FOR FRIENDS AND HELP.

5. THAT THE FAILURES OF THE RICE MODERNIZATION PROGRAM HAVE NOT YET BEEN ESCALATED BY THE OPPOSITION INTO A NATIONAL SCANDAL IS BOTH SURPRISING AND FORTUNATE. CHEDDI JAGAN AND HIS MOSCOW-LINING PPP HAVE PLENTY OF AMMUNITION TO ADD TO THEIR ANTI-AMERICAN LINE IF ONLY THEY HAD THE SKILL TO USE IT.

6. IN THESE CIRCUMSTANCES, I TRUST WE CAN COUNT ON ALL LIMITED OFFICIAL USE

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CONCERNED TO SEEK A REALISTIC AND PRACTICAL WAY OF HELPING THE GOG BRING THE PROJECT TO A SATISFACTORY CONCLUSION. KING

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